

Message Text

LIMITED OFFICIAL USE

PAGE 01 DACCA 05436 081021Z
ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 AID-05 TRSE-00
OMB-01 XMB-02 CIAE-00 INR-10 NSAE-00 L-03 /046 W
-----012114 091314Z /46
R 080836Z SEP 78
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 677

LIMITED OFFICIAL USE DACCA 5436

E.O. 11652: N/A
TAGS: EINV
SUBJECT: BELBAGCO CLAIM

REF: STATE 221657

1. WHEN I REPORTED TO PRESIDENT ZIA LAST NIGHT (SEPT. 7)
ON MY WASHINGTON CONSULTATIONS, I TOLD HIM THAT THE BELBAGCO
ISSUE HAD TAKEN ON A SYMBOLIC SIGNIFICANCE FAR BEYOND WHAT
THE MAGNITUDE OF OUR CLAIM SHOULD JUSTIFY. I REMINDED HIM
THAT I HAD RAISED THE ISSUE WITH HIM IN JUNE BUT THAT IT
WAS STILL OUTSTANDING. I OUTLINED OUR SUCCESSIVE
COMPROMISES AND TOLD HIM THAT WE HAD REACHED AN AGREEMENT
IN GOOD FAITH WITH HIS AMBASSADOR IN WASHINGTON, AN
AGREEMENT DENOMINATED IN DOLLARS WITH REPAYMENT TO BE
MADE IN TAKA AT THE EXCHANGE RATE IN EFFECT AT THE TIME
OF REPAYMENT. THE MINISTRY OF INDUSTRIES, HOWEVER, HAD
WITHDRAWN FROM WHAT WE HAD THOUGHT TO BE A FIRM AGREEMENT,
CLAIMING THAT THE EXCHANGE RATE SHOULD BE THAT IN EFFECT
AT THE TIME OF NATIONALIZATION AND VIRTUALLY CUTTING THE
GOVERNMENT'S OFFER IN HALF. I TOLD THE PRESIDENT
THAT FEELINGS WERE SO STRONG IN WASHINGTON THAT NON-
SETTLEMENT OF THE CLAIM WAS BEGINNING TO HAVE AN ADVERSE
EFFECT ON US INVESTMENT. THERE WERE THREE INVESTMENT
PROPOSALS, INCLUDING ONE IN CEMENT PRODUCTION (WHICH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DACCA 05436 081021Z

THE PRESIDENT HAD EARLIER DISCUSSED WITH ME) FOR WHICH
INSURANCE WOULD BE SOUGHT BUT WOULD NOT BE GRANTED
AND THERE WERE TWO REQUESTS FROM AID CONTRACTORS FOR
INSURANCE CONCERNING THEIR ACTIVITIES AT THE ASHUGANJ
FERTILIZER PLANT AND THE KAPTAI POWER PLANT.

2. THE PRESIDENT INTERRUPTED MY PRESENTATION (AS HE HAD

IN JUNE) TO SAY THAT HE HAD MET WITH THE INDUSTRIES MINISTER SOME DAYS AGO AND TOLD HIM TO SETTLE THE ISSUE ONCE AND FOR ALL. HE HAD SAID TO BRING HIM A PAPER, ANY PAPER, THAT HE COULD SIGN IN ORDER TO SETTLE THE CLAIM. I REPLIED THAT I HAD SEEN THE MINISTER AT THE AIRPORT THAT MORNING AND HE HAD TOLD ME SIMPLY THAT THE MATTER WAS STILL BEING WORKED ON. THE PRESIDENT THEN PICKED UP THE TELEPHONE AND TRIED TO REACH THE MINISTER BUT WAS TOLD THAT HE WAS STILL OUT OF DACCA. CONSEQUENTLY HE PUT IN A CALL TO THE INDUSTRIES SECRETARY BUT DID NOT REACH HIM BEFORE MY DEPARTURE.

3. COMMENT: ZIA SEEMED TO AGREE ENTIRELY WITH THE VIEW I EXPRESSED THAT IT WAS FOOLISH TO PERMIT THIS CLAIM TO STAND IN THE WAY OF OUR COOPERATION AND HE GAVE EVERY INDICATION OF INTENDING TO DO SOMETHING ABOUT IT. HE HAS DONE THIS BEFORE, HOWEVER, AND SO I AM STILL UNSURE OF THE RESULT, PARTICULARLY SINCE THE FOREIGN MINISTER, WHO WAS ALSO PRESENT, MENTIONED THE DIFFICULTY OF THE PRECEDENT OF OUR SETTLEMENT. HAVING RAISED THE ISSUE MORE FORCEFULLY AT THE HIGHEST LEVEL, I BELIEVE WE SHOULD NOW GIVE THE GOVERNMENT TIME TO REACT TO WHAT WE HOPE HAS BEEN THE PRESIDENT'S INSTRUCTION. WE WILL OF COURSE REPORT ANY RESULT PROMPTLY.
SCHNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978DACCA05436
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780367-1090
Format: TEL
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780990/aaaacwib.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0cbade55-c288-dd11-92da-001cc4696bcc
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 221657
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1510636
Secure: OPEN
Status: NATIVE
Subject: BELBAGCO CLAIM
TAGS: EINV, BG, BELBAGCO INC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0cbade55-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014